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EARNINGS MOBILITY OF MDTA TRAINEES. MANPOWER EVALUATION REPORT NUMBER 7.

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OF THE 12,073 PERSONS WHO COMPLETED MANPOWER DEVELOPMENT AND TRAINING ACT INSTITUTIONAL COURSES DURING THE FIRST HALF OF 1965, INCREASED EARNINGS WERE REPORTED FOR 5,470 OF THE 8,327 FOR WHICH BOTH PRE-TRAINING AND POST-TRAINING EARNINGS DATA WERE AVAILABLE. TRAINING FOR OVER 85 PERCENT OF THE EMPLOYED GRADUATES WAS GIVEN IN THE MAJOR OCCUPATIONAL CATEGORIES--(1) SKILLED, 28 PERCENT, (2) CLERICAL AND SALES, 22 PERCENT, (3) SEMISKILLED, 18 PERCENT, AND (4) SERVICE OCCUPATIONS, 18 PERCENT. EMPLOYMENT OPPORTUNITIES FOR 72 PERCENT OF THIS GROUP WERE PROVIDED BY MANUFACTURING, SERVICE INDUSTRIES, AND WHOLESALE AND RETAIL TRADE. WORKERS TRAINED IN THE SKILLED OCCUPATIONS DOMINATED THE INTERMEDIATE AND UPPER END OF THE EARNINGS RANGE WITH 53 PERCENT EARNING AT LEAST $2.00 AN HOUR. THREE OF FIVE GRADUATES WERE MALES. ALMOST ONE QUARTER OF THE MALES REPORTING HAD PRE-TRAINING EARNINGS OF LESS THAN $1.25 PER HOUR, BUT ONLY ONE-NINTH HAD POST-TRAINING EARNINGS AT THAT LEVEL. ABOUT 80 PERCENT OF THE FEMALE GRADUATES FOUND EMPLOYMENT IN CLERICAL AND SALES WITH MEDIAN EARNINGS IN THE $1.50 TO $1.74 INTERVAL, AND IN SERVICE OCCUPATIONS WITH MEDIAN EARNINGS IN THE $1.15 TO $1.24 PER HOUR INTERVAL. ALTHOUGH THE NONWHITE COMPLETER'S EARNINGS ADVANCED, HE DID NOT FARE SO WELL AS THE WHITE COMPLETER. OTHER INFORMATION CONCERNING EARNINGS, EMPLOYMENT, AND GRADUATE CHARACTERISTICS IS GIVEN. COPIES OF THIS DOCUMENT ARE AVAILABLE FROM MANPOWER ADMINISTRATION, OFFICE OF MANPOWER POLICY, EVALUATION, AND RESEARCH, U.S. DEPARTMENT OF LABOR, 14TH STREET AND CONSTITUTION AVENUE, N.W., WASHINGTON, D.C. 20210. (EM)

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EARNINGS MOBILITY OF MDTA TRAINEES

U.S. DEPARTMENT OF LABOR
W. Willard Wirtz, Secretary
MANPOWER ADMINISTRATION

PREFACE

One of the more significant measures of the effectiveness of the Manpower Development and Training Act training program is how well the graduates fare in terms of earnings after completion of training as compared with their earnings prior to training.

This report on Earnings Mobility of MDTA Trainees is one of a series of Manpower Evaluation Reports. These reports are designed to inform Government agencies, officials, and the public of the progress and problems of training programs carried out under provisions of the MDTA.

This report was prepared in the Office of Manpower Policy, Evaluation, and Research by Rose G. Rosofsky and Ray W. Kohen of the Division of Reports and Analysis, Office of Evaluation and Reports.

INTRODUCTION

This study demonstrates the effectiveness of Manpower Development and Training Act training in upgrading skills and enlarging the earning capacities of trainees. Many of the graduates who previously could command only the most marginal jobs were able to successfully compete within the labor force for jobs paying at least the minimum acceptable standard for their new occupations. In some cases they were able to jump across the wage range from their formal marginal status to earnings well above the average.

For many of the people reporting long-term and very long-term unemployment—about one-quarter of all completers—training at the same time represented a new opportunity for return to wage earner status. A sizable segment for whom actual data are not measurable is the considerable number for whom pretraining data were not available. Some of these—youth trainees, for example—may be assumed to have had no previous steady employment or earnings to report. Others—such as the very hard-core unemployed, or women reentering the labor force—may have been unemployed for so long a period that they were unable to record earlier earnings.

For those persons who completed MDTA institutional courses during the first half of 1965, the training resulted in a general upward shift in the overall hourly earnings level, although with differing impact upon various com-

ponent groups. For the group as a whole, median hourly earnings moved upward. They rose from $1.25 through $1.49 for those reporting pretraining earnings to $1.50 through $1.74 for those reporting posttraining earnings.

An increase in earnings was reported for 4,489—54 percent—of the 8,327 training completers for whom both pretraining and posttraining earnings data were available. Other upward earnings shifts may be obscured because of the 26 percent for whom lateral movements within individual earnings intervals were shown. Obviously, increases in earnings varied. For slightly less than one-third of the increased earnings reported, the advance was to the next higher interval in the earnings range. And for the more than two-thirds majority, posttraining earnings jumped two or more intervals (at least 50 cents per hour for the most part). In a few cases, earnings rose from the floor to the highest interval of the earnings range.

One out of 5 reported lower posttraining earnings, but even for these the record is not negative. Approximately two-thirds of these graduates reported posttraining earnings of at least $1.75 per hour—above both the median and modal earnings level—and more than half were earning $2 or more per hour. This group included persons displaced from higher paid positions who of necessity reentered the labor force at lower earnings. For the handful who regressed to a marginal level, a real question as to extenuating circumstances is raised and can best be explored in onsite evaluation studies.

SCOPE OF THE STUDY

This study covers over 12,000 persons who completed MDTA institutional courses during the first half of 1965. The data are based upon individual trainee reports received through the regular reporting system. A total of 12,073 institutional training completers were reported as employed during the reference week; posttraining earnings data were reported for 90 percent of them, pretraining earnings data for about three-quarters of them. The earnings intervals tabulated were selected to demarcate the Federal statutory minimum wage standards in effect during the period studied ($1.25 for manufacturing and mining industries; $1.15 for certain other industries, principally large retailers, newly covered under the Fair Labor Standards Act).

PATTERNS OF EARNINGS

A number of internal movements are contained within the general upward shift for the group as a whole. Of interest is the shrinkage in earnings reported at marginal and submarginal levels between $0.50 and $1.25. The earnings of 35 percent of those reporting were concentrated at this low level prior to training; the proportion dropped to 18 percent following training. Moreover, most of the shift occurred in the submarginal levels. In the $0.50 to $0.74 range, the concentration narrowed from almost 9 percent to just above 3 percent. At the $0.75 to $1.14 level, the concentration dropped from 22.5 percent to 12 percent.

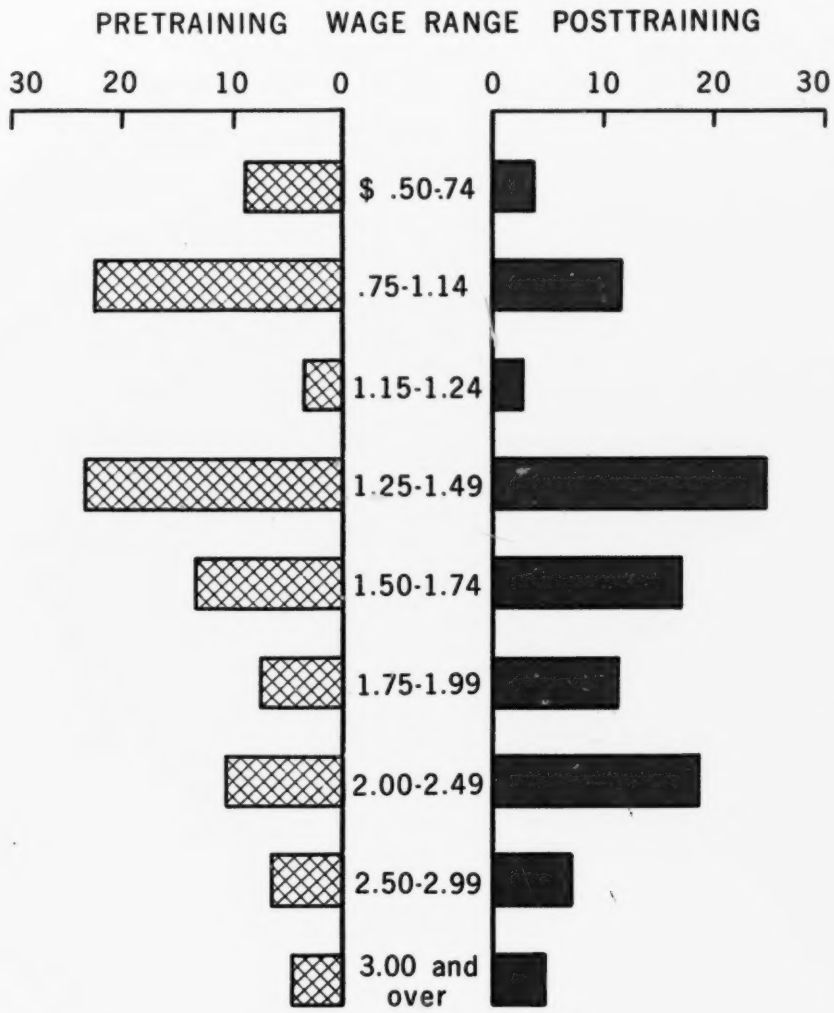
The shift up from the bottom wage range was undoubtedly into the intermediate hourly earnings levels (between $1.50 to $2.49), where the combined proportions advanced from over 31 percent of the pretraining earnings to over 46 percent of the posttraining earnings. (See chart 1.)

Although earnings in the $1.25 to $1.49 interval (which reflects the most commonly applicable Federal statutory minimum standard) continued to be the most typical, accounting for close to one-quarter of all earnings reported both before and after training, there was an improvement of the earnings status within the intermediate range. Increases are shown in the proportions of persons reporting posttraining earnings in each of the three intervals between

Chart 1

STRAIGHT TIME AVERAGE HOURLY EARNINGS OF MDTA INSTITUTIONAL TRAINING COMPLETERS ON LAST REGULAR EMPLOYMENT PRIOR TO TRAINING AND AFTER COMPLETION OF TRAINING, 1965

(Percent distribution) 1/



1/ Percent distribution for totals based on 9,026 persons reporting pretraining earnings and 10,896 persons reporting posttraining earnings.

Source: U.S. Department of Labor; Manpower Administration; Office of Manpower Policy, Evaluation, and Research.

$1.50 and $2.49. The most pronounced of these was in the $2 to $2.49 interval, which almost doubled. However, the opportunity for advancement into the top rungs of the earnings ladder ($2.50 per hour and above) continued to be limited to about 1 out of every 9 of those completing training.

Of the total number of completers studied, both pretraining and posttraining earnings were available for approximately two-thirds of them. A cross-tabulation of these data, shown in tables 1 and 2, reflects an advance in earnings levels for 54 percent and a lateral movement for 26 percent. For the remaining 1 out of 5, the posttraining earnings level represents a regression. For many of these the explanation may be related to the fact that they have histories of occupational displacement, protracted unemployment, and other disadvantages as well. Their return to wage earner status despite a lowering of earnings would thus represent an improvement in their economic situation and another chance at entering the working world. The same probably is true for some of the limited number of cases of extreme earnings regression.

TABLE 1. COMPARISON OF PRETRAINING AND POSTTRAINING STRAIGHT TIME AVERAGE HOURLY EARNINGS OF MDTA INSTITUTIONAL TRAINING COMPLETERS

Pretraining earnings	Posttraining earnings [1]									
	Total number	$0.50–$0.74	$0.75–$1.14	$1.15–$1.24	$1.25–$1.49	$1.50–$1.74	$1.75–$1.99	$2.00–$2.49	$2.50–$2.99	$3.00 and over
Total	8,327	198	877	180	1,925	1,487	979	1,649	635	397
$0.50 to $0.74	711	113	219	18	205	68	32	39	14	3
$0.75 to $1.14	1,873	45	403	80	611	321	158	159	78	18
$1.15 to $1.24	281	5	31	6	107	61	32	29	6	4
$1.25 to $1.49	1,930	20	150	42	592	464	232	317	85	28
$1.50 to $1.74	1,102	9	32	15	212	261	192	274	82	25
$1.75 to $1.99	642	0	15	8	75	119	133	211	64	17
$2.00 to $2.49	878	3	22	7	80	110	120	359	124	53
$2.50 to $2.99	527	2	2	3	26	59	62	171	143	59
$3.00 and over	383	1	3	1	17	24	18	90	39	190

[1] Total includes only those persons reporting both pretraining and posttraining earnings.

TABLE 2. SUMMARY OF CHANGES IN PRETRAINING AND POSTTRAINING STRAIGHT TIME AVERAGE HOURLY EARNINGS OF MDTA INSTITUTIONAL TRAINING COMPLETERS

Pretraining earnings	Summary of earnings changes		
	No change	Increase	Decrease
Total [1]	2,200	4,489	1,638
$0.50 to $0.74	113	598	----------
$0.75 to $1.14	403	1,425	45
$1.15 to $1.24	6	239	36
$1.25 to $1.49	592	1,126	212
$1.50 to $1.74	261	573	268
$1.75 to $1.99	133	292	217
$2.00 to $2.49	359	177	342
$2.50 to $2.99	143	59	325
$3.00 and over	190	----------	193

[1] Total includes only those persons reporting both pretraining and posttraining earnings.

EMPLOYMENT OF GRADUATES: OCCUPATIONS, INDUSTRIES, AND EARNINGS LEVELS

Training for over 85 percent of the employed graduates was given in four major occupational categories: skilled occupations (28 percent); clerical and sales (22 percent); semiskilled occupations (18 percent); and service occupations (18 percent). (See chart 2.) Employment opportunities for this group were found principally—for 72 percent of them—in three major industry categories: manufacturing (31 percent); the service industries (over 27 percent); and wholesale and retail trade (over 14 percent). (See chart 3.)

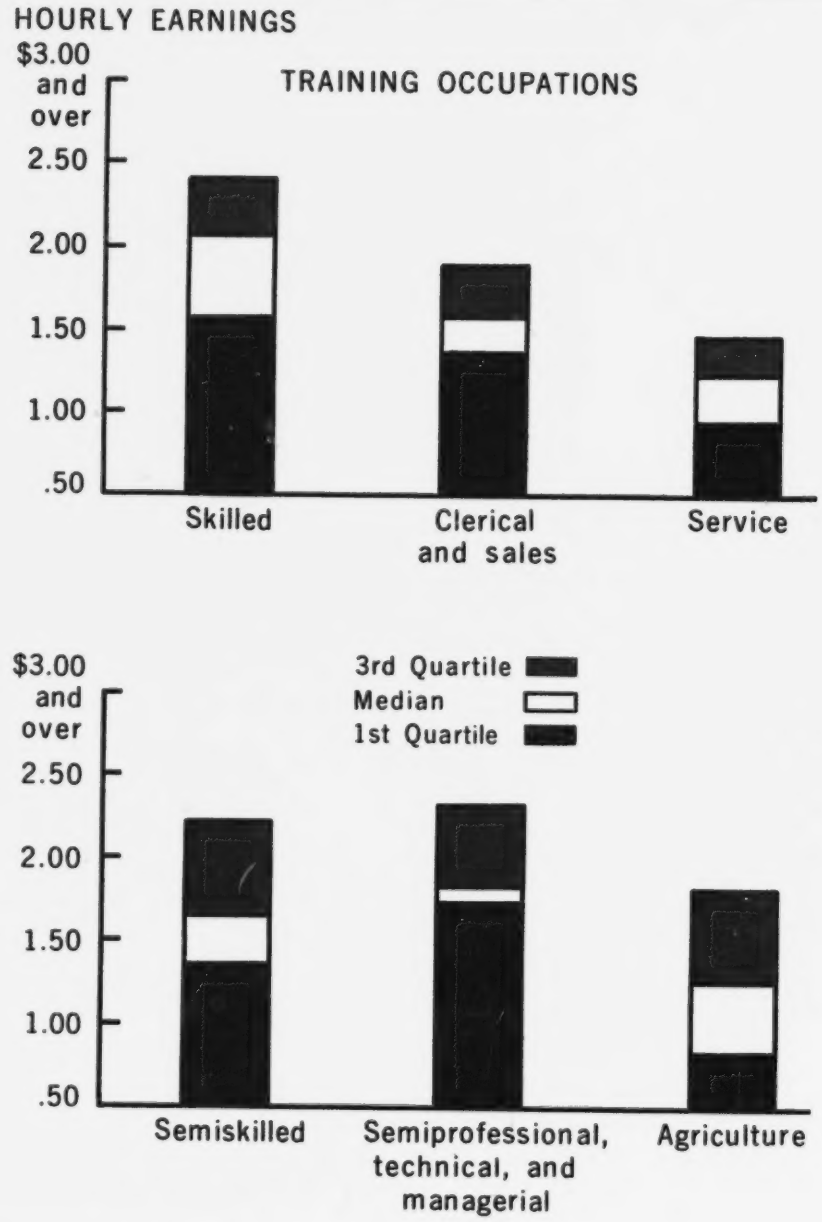
Those trained in skilled occupations dominate the intermediate and upper end of the earnings range and contribute to the general upward earnings mobility. They constitute the heaviest concentrations in the upper earnings intervals beginning with $2 per hour, with 53 percent achieving this earnings standard, while still another 25 percent reported earnings of between $1.50 and $1.99.

The earnings of semiskilled occupational graduates tend to fall below their skilled counterparts, most typically occupying an intermediate position in the earnings range. Although 3 out of 10 comprised the heaviest concentration in the $1.25 to $1.49 interval, earnings were between $1.50 and $2.49 for 47 percent. Some 28 percent--again approximately 3 out of 10—are in the two intervals between

Chart 2

STRAIGHT TIME AVERAGE HOURLY EARNINGS OF MDTA INSTITUTIONAL TRAINING COMPLETERS, 1965, BY MAJOR OCCUPATIONS

(Quartiles)



Source: U.S. Department of Labor; Manpower Administration; Office of Manpower Policy, Evaluation, and Research.

$1.50 and $1.99, while 1 out of 5 received earnings of $2 to $2.49. Some 72 percent of those trained in clerical and sales occupations (predominantly the former) reported earnings of between $1.25 and $1.99, with an additional 13 percent reporting earnings at the $2 to $2.49 level.

For the most part, graduates trained for service occupations fell in the lowest earnings level and thus accounted for the heaviest concentrations in all low-end intervals of the earnings range. Almost half (48 percent) reported earnings below $1.25, and another 28 percent reached just above this line to the $1.25 to $1.49 interval.

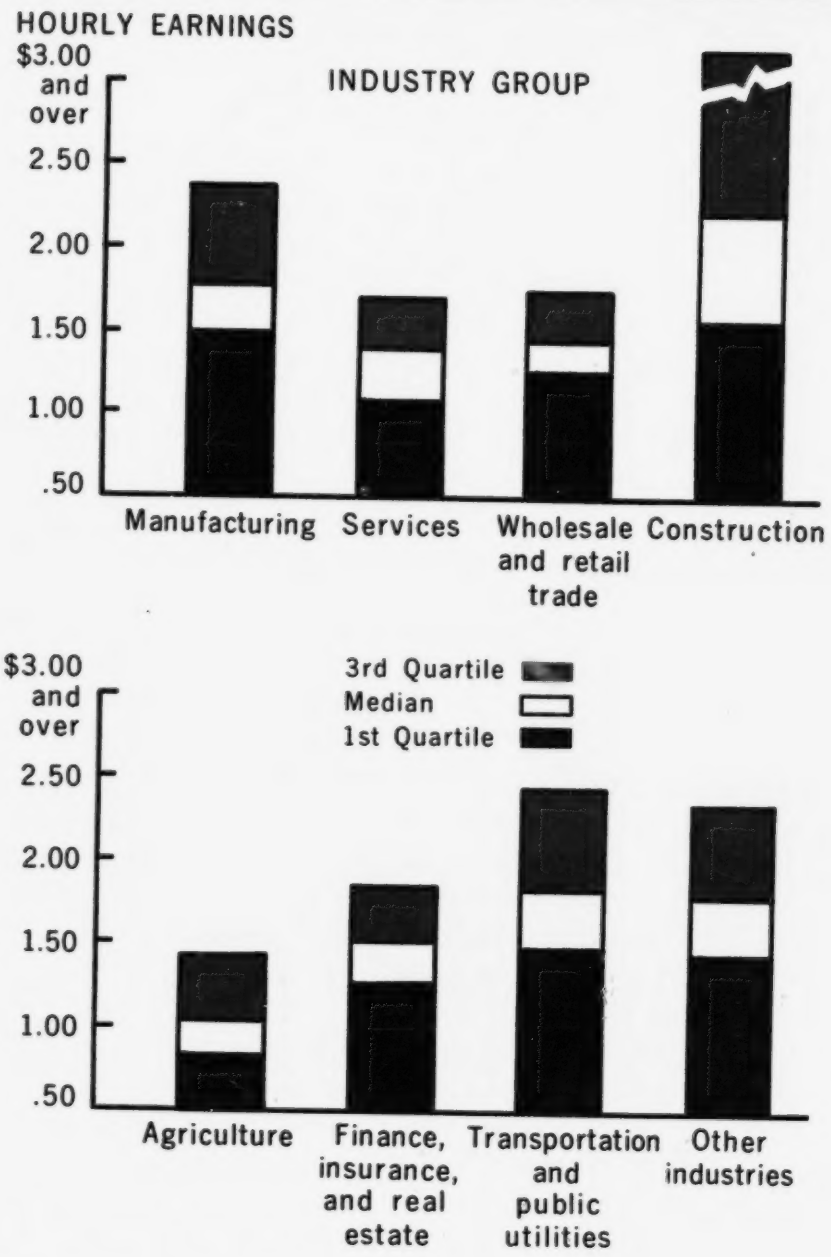
The manufacturing industry appears to provide the most substantial proportion of job opportunities which results in elevated earnings. Absorption of almost one-third of the completers into this relatively high wage sector of the economy where average hourly earnings of production workers averaged $2.61 during 1965 has unquestionably contributed to the general upward mobility of earnings. Internal data also suggest a correlation between the earnings of graduates trained in skilled and semiskilled occupations and earnings concentrations at the intermediate and upper earnings intervals. Thus, MDTA training is apparently providing extensive opportunity for employment in the manufacturing sector of the national economy at higher than previous earnings.

At the same time, the services and trades industries are absorbing increasingly larger numbers of training completers as the MDTA training program focuses on growing, new, and unmet manpower needs in service and trade occupations. These occupations are characterized by a very broad range of skill levels, with a considerable proportion of lesser skilled occupations in the "mix." It is not surprising, therefore, that these industries account for the heaviest concentrations of the posttraining earnings reported at the bottom of the wage ladder. But the industries also contribute to the general upward mobility. For the majority, the earnings are in the intermediate intervals and some representation is present in the higher brackets. (See chart 3.)

Chart 3

STRAIGHT TIME AVERAGE HOURLY EARNINGS OF MDTA INSTITUTIONAL TRAINING COMPLETERS, 1965, BY MAJOR OCCUPATIONS

(Quartiles)



Source: U.S. Department of Labor; Manpower Administration; Office of Manpower Policy, Evaluation, and Research.

CHARACTERISTICS OF TRAINING COMPLETERS: SEX AND COLOR

Three out of 5 of the training completers were males, following the pattern for enrollments in MDTA institutional training during calendar years 1964 and 1965. Upward earnings mobility is apparent for both sexes, but male graduates tend to be more highly concentrated in the upper levels.

For almost one-quarter of the males reporting, pretraining earnings were below $1.25 per hour but only one-ninth of the completers reported posttraining earnings at this level. Further up the earnings ladder, 2 out of 5 males were earning $1.75 and more per hour prior to training, but after training the proportion increased to 3 out of 5. The highest proportionate increase was in the $2 to $2.49 interval, where the concentration of earnings reported almost doubled—from 14 to 26 percent.

The relatively high earnings levels of the male completers reflect the worth of occupational training received. Almost half had been trained for skilled jobs and nearly one-fourth for semiskilled jobs. The greatest proportion (40 percent) found employment in manufacturing, where their median earnings were in the $2 to $2.49 bracket. Wholesale and retail trade accounted for another 15 percent, while services took 14 percent, with median earnings in the $1.50 to $1.74 bracket for both these categories. (See tables 3 and 4.)

TABLE 3. STRAIGHT TIME AVERAGE HOURLY EARNINGS OF MDTA INSTITUTIONAL TRAINING COMPLETERS, BY SEX AND COLOR

[Percent distribution] [1]

Pretraining earnings	Sex				Color			
	Pretraining		Posttraining		Pretraining		Posttraining	
	Male	Female	Male	Female	White	Nonwhite	White	Nonwhite
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
$0.50 to $0.74	5.9	13.1	2.3	4.5	6.6	15.2	2.2	5.5
$0.75 to $1.14	16.0	31.9	7.4	17.3	20.5	28.4	9.0	19.0
$1.15 to $1.24	2.5	4.4	1.2	4.1	3.0	4.1	2.0	3.9
$1.25 to $1.49	21.4	25.5	17.5	34.2	22.1	25.5	23.9	27.3
$1.50 to $1.74	14.7	11.1	15.4	19.1	14.4	9.7	18.0	15.2
$1.75 to $1.99	8.3	6.4	11.3	10.4	8.6	4.7	11.1	9.9
$2.00 to $2.49	13.9	5.5	26.1	8.3	11.9	7.1	20.9	11.5
$2.50 to $2.99	9.6	1.5	11.3	1.7	7.0	3.5	7.8	5.4
$3.00 and over	7.6	.5	7.4	.4	5.8	1.7	5.1	2.2

[1] Totals may not equal 100 due to rounding.

TABLE 4. SUMMARY OF PERCENTAGE CHANGES IN STRAIGHT TIME AVERAGE HOURLY EARNINGS OF MDTA INSTITUTIONAL TRAINING COMPLETERS, BY SEX AND COLOR [1]

Pretraining earnings	Percentage change posttraining earnings			
	Male	Female	White	Nonwhite
$0.50 to $0.74	−3.6	−8.6	−4.4	−9.7
$0.75 to $1.14	−8.6	−14.6	−11.5	−9.4
$1.15 to $1.24	−1.3	−0.3	−1.0	−0.2
$1.25 to $1.49	−3.9	+8.7	+1.8	+1.8
$1.50 to $1.74	+0.7	+8.0	+3.6	+5.5
$1.75 to $1.99	+3.0	+4.0	+2.5	+5.2
$2.00 to $2.49	+12.2	+2.8	+9.0	+4.4
$2.50 to $2.99	+1.7	+0.2	+0.8	+1.9
$3.00 and over	−0.2	−0.1	−0.7	+0.5

[1] Detail may not add to 0.0 due to rounding.

Female training completers similarly improved their earnings levels. Half of the women had not earned as much as $1.25 per hour prior to enrollment, but over three-quarters achieved at least the $1.25 standard upon reemployment following training—reducing by about half the proportion who remained at marginal and submarginal employment.

About 80 percent of the female completers were trained and found employment in two major occupational groups: clerical and sales, and services. The clerical and sales group took the greater proportion—45 percent—with median earnings reported in the $1.50 to $1.74 interval, on a par with earnings reported by the limited proportion of their male counterparts similarly trained. Services took another 35 percent, but for these graduates the median earnings were only $1.15 to $1.24 per hour as compared with $1.50 to $1.74 for men in the same occupational category. The low earnings level for females is attributed to their predominance in the high-demand but low-paying occupation of nurse aide. Practically all of the balance (19 percent of female graduates) were employed in manu-

facturing, at median hourly earnings of $1.25 to $1.49 as compared with $2 to $2.49 for their male counterparts.

Reflecting the generally disadvantaged position of the nonwhite worker in the labor force, the nonwhite training completer has not fared as well economically as his white counterpart. But he has advanced up the earnings ladder to a relatively similar degree.

Three out of 4 of all training completers for whom data were reported were white. Three out of 10 of these had earned less than $1.25 an hour, while almost half of the nonwhites were in this category. Likewise, half of the whites but only one-quarter of the nonwhites reported previous earnings above $1.49 per hour. And almost twice as many whites as nonwhites had earned over $1.99 per hour.

Despite training, some of both groups and proportionately more of the nonwhites were unable to free themselves of low wage levels. Over 13 percent of the whites and 28 percent of the nonwhites reported posttraining earnings of less than $1.25. However, for each group this is a decline from the 48 percent of the nonwhites and 28 percent of the whites reporting pretraining earnings at this level. An upward shift in earnings levels was achieved for graduates who came from the lower end of the wage scale. Five out of 8 whites and 4 out of 9 nonwhites achieved hourly earnings over $1.49 after training, which represents an improvement in the level of earnings for approximately 15 percent of both groups.

The same upward mobility is true at the higher levels of the earnings range in the intervals above $1.99 per hour. Thirty-four percent of the whites and 19 percent of the nonwhites achieved this posttraining level as compared with only 25 and 12 percent, respectively, prior to training.

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